

REPORT OF AUDIT

CIA WELFARE ASSISTANCE BOARD FOR THE PERIOD 26 OCTOBER 1953 - 28 FEBRUARY 1957

1. This report covers the audit of the CIA Welfare Assistance Board for the period 26 October 1953 through 28 February 1957. The Board was established on 8 April 1955 by the Acting Director of Central Intelligence to replace the CIA Welfare Board authorized by the Director of Central Intelligence on 26 October 1953. Previously this program had been administered by the Inspector General. The Board makes emergency loans to employees and makes grants to the Potomac Recreation Association. Funds of the Board are derived entirely from voluntary quarterly contributions received from Government Services, Inc.

2. There is a question as to the need for the CIA Welfare Assistance Board at the present time since the Public Service Aid Society is now available to Agency employees for emergency personal loans. The current contributions from Government Services, Inc. for grants to the Potomac Recreation Association could be turned over directly to that association. We suggest that consideration be given to abolishing the CIA Welfare Assistance Board.

3. The financial transactions of the Board for the audit period are summarized as follows:

Funds Available

Cash on deposit with Northwest Federal Credit Union, 26 October 1953	\$2,758.40	
Contributions received from Government Services, Inc.	4,744.13	
Loan repayments by borrowers	<u>4,658.86</u>	\$12,161.39

Funds Disbursed

Loans made	\$6,889.88	
Grants to the Potomac Recreation Association	1,935.00	
Notary Seals and Bonds purchased for Agency employees	<u>111.51</u>	8,936.39

Balance at 28 February 1957		<u>\$ 3,225.00</u>
(Cash on hand \$80.50; cash on deposit with the Northwest Federal Credit Union \$3,144.50)		

There were 68 loans made during the audit period, of which 23 in the amount of \$2,231.02 were outstanding on 28 February 1957.

Comments on Audit

4. Contributions received were confirmed with Government Services, Inc., and traced to deposits in the Northwest Federal Credit Union. The amount of outstanding loans at 28 February 1957 was reconciled in total to loans made less payments received. For selected test periods, loans made as reflected on the records were traced to individual loan agreements and loan payments were traced to

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the credit of the proper agreements. It was not feasible to confirm loan balances with the borrowers. These balances, which amounted to \$2,231.02 on 28 February 1957, were reduced to \$1,787.02 as of 15 April 1957 by loan repayments.

5. Signatures of Board members approving loan agreements were not obtained in many cases as required by the bylaws. Instead, the Executive Secretary affixed the names of the Board members approving the loan to the agreement with the notation "per telephone - date." Although this procedure may be justified in expediting emergency loans, the actual signature of each Board member giving his approval should be obtained as soon as circumstances permit.

6. Of the 23 outstanding loans at 28 February 1957, only two borrowers were current and making payments in accordance with loan agreements; the other 21 borrowers were delinquent. No attempt apparently has been made to determine the reason behind the delinquencies. We suggest that the Board provide for periodic review and follow-up on all delinquent loans.

7. During our review of procedures and operations we noted that receipts given for cash payments on loans were not prenumbered nor made out in duplicate (two originals were written for each receipt). Furthermore, some receipts bore CIA identification. We suggest that the Board use prenumbered duplicate receipt forms that bear no CIA identification.

8. Monthly financial reports required by the bylaws of the Board have not been prepared. Since there appears to be no need for monthly reports, the Board should consider amending the bylaws to require the preparation of the report at less frequent intervals.

Administrative Action Requested

9. The matters commented upon in this report which in our opinion require administrative action are summarized:

- a. Consider abolishing the CIA Welfare Assistance Board. (Paragraph 2)
- b. Obtain signatures of Board members approving loans where required. (Paragraph 5)
- c. Provide for a periodic review and follow-up on all delinquent loans. (Paragraph 6)
- d. Use prenumbered duplicate cash receipt forms that bear no CIA identification. (Paragraph 7)
- e. Consider amending the bylaws to require preparation of financial reports at less than monthly intervals. (Paragraph 8)